LOUISIANA TRANSIT COMPANY, INC.

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended December 31, 1998 and 1997

LOUISIANA TRANSIT COMPANY, INC.

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December 31, 1998 and 1997

Kushner LaGraize, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER, CPA*
WILSON A. LaGRAIZE, JR., CPA
ERNEST G. GELPI, CPA
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA
MARY ANNE GARCIA, CPA
*A Professional Accounting Corporation

Members
American Institute of CPA's
Society of Louisiana CPA's
SEC Practice Section of the
AICPA Division for CPA Firms

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of Louisiana Transit Company, Inc.

We have audited the accompanying balance sheets of Louisiana Transit Company, Inc. (an S corporation), as of December 31, 1998 and 1997, and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 4 to the financial statements, the Company has not determined the cost of its defined benefit pension plan in accordance with generally accepted accounting principles, which require the cost of employees' pensions to be recognized over the employees' respective service periods and a liability to be recognized when the accumulated benefit obligation exceeds the fair value of plan assets. The effects of that departure on the financial statements are not reasonably determinable.

In our opinion, except for the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Transit Company, Inc., as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

SUITE 254 2800 VETERANS MEMORIAL BOULEVARD METAIRIE, LOUISIANA 70002-5632 (504) 838-9991 FAX (504) 833-7971
Internet e-mail: info@kl-cpa.com • World Wide Web: http://www.kl-cpa.com

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 15 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, except for the effects on employee pension costs as explained in the third paragraph of our report on page 1, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kushner LaGraize, L.L.P.

Metairie, Louisiana
February 24, 1999

LOUISIANA TRANSIT COMPANY, INC.

BALANCE SHEETS

December 31, 1998 and 1997

ASSETS

	1998	1997
CURRENT ASSETS		
Cash	$ 434,191	$ 372,963
Certificate of deposit	100,000	100,000
Excise tax refund receivable	39,924	43,059
Other receivables	12,010	19,879
Fuel inventory	920	3,995
Prepaid expenses	73,294	81,553
TOTAL CURRENT ASSETS	660,339	621,449
PROPERTY, PLANT AND EQUIPMENT		
Land	12,479	12,479
Buildings	64,521	64,521
Furniture and fixtures	71,778	71,778
	148,778	148,778
Less accumulated depreciation	136,299	136,299
	12,479	12,479
OTHER ASSETS		
Cash surrender value of officer's life insurance	11,338	11,858
Deposits	36,990	36,990
	48,328	48,848
	$ 721,146	$ 682,776

See Notes to the Financial Statements.

LOUISIANA TRANSIT COMPANY, INC.

BALANCE SHEETS - CONTINUED

December 31, 1998 and 1997

LIABILITIES AND STOCKHOLDERS' EQUITY

	1998	1997
CURRENT LIABILITIES		
Accounts payable - trade	$ 29,760	$ 34,406
Accounts payable - Jefferson Parish	96,211	51,216
Accrued expenses	213,411	201,999
Refundable deposits	4,000	0
TOTAL CURRENT LIABILITIES	343,382	287,621
RESERVE FOR TOKENS	38,721	42,845
	382,103	330,466
COMMITMENTS		
STOCKHOLDERS' EQUITY		
Common stock, par value $100; 5,000 shares authorized, 1,750 shares issued and outstanding	175,000	175,000
Retained earnings	164,043	177,310
	339,043	352,310
	$ 721,146	$ 682,776

See Notes to the Financial Statements.

LOUISIANA TRANSIT COMPANY, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Years Ended December 31, 1998 and 1997

	1998	1997
OPERATING REVENUES	$ 2,845,061	$ 2,627,226
DIRECT COSTS	1,989,797	2,159,718
GROSS PROFIT	855,264	467,508
GENERAL AND ADMINISTRATIVE EXPENSES	1,773,514	1,813,676
OPERATING LOSS	(918,250)	(1,346,168)
OPERATING SUBSIDY	642,671	1,082,140
	(275,579)	(264,028)
OTHER INCOME		
Management fees	335,000	323,960
Rental	60,400	58,000
Interest income	6,912	6,471
	402,312	388,431
NET INCOME	126,733	124,403
RETAINED EARNINGS AT BEGINNING OF YEAR	177,310	157,907
DISTRIBUTIONS TO STOCKHOLDERS	(140,000)	(105,000)
RETAINED EARNINGS AT END OF YEAR	$ 164,043	$ 177,310

See Notes to the Financial Statements.

LOUISIANA TRANSIT COMPANY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1998 and 1997

	1998	1997
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income	$ 126,733	$ 124,403
Adjustments to reconcile net income to net cash provided by operating activities		
Decrease (increase) in operating assets		
Excise tax refund receivable	3,135	(22,109)
Other receivables	7,869	(2,862)
Fuel inventory	3,075	304
Prepaid expenses	8,259	(10,429)
Cash surrender value of officer's life insurance	520	388
Increase (decrease) in operating liabilities		
Accounts payable - trade	(4,646)	(89,533)
Accounts payable - Jefferson Parish	44,995	32,156
Accrued expenses	11,412	13,453
Reserve for tokens	(4,124)	5,837
Refundable deposits	4,000	0
NET CASH PROVIDED *BY OPERATING ACTIVITIES*	*201,228*	51,608
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Dividend distributions to stockholders	(140,000)	(105,000)
NET INCREASE (DECREASE) IN CASH	61,228	(53,392)
CASH AT BEGINNING OF YEAR	372,963	426,355
CASH AT END OF YEAR	$ 434,191	$ 372,963

SUPPLEMENTAL DISCLOSURES

- There were no cash payments for interest expense or income taxes during 1998 and 1997.

See Notes to the Financial Statements.

LOUISIANA TRANSIT COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 1998 and 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary is presented to assist in understanding Louisiana Transit Company, Inc. (the Company's), financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform with generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company's principal operations consist of managing and operating mass transit facilities for the East Bank of the Parish of Jefferson, Louisiana. The Company is presently under contract with the Parish of Jefferson, Louisiana (the Parish), to provide these services through December 31, 2001.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Receivables

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account. No allowances were established at December 31, 1998 and 1997, because all accounts receivable were considered to be collectible.

LOUISIANA TRANSIT COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 1998 and 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The Company's inventory of fuel is stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less applicable depreciation. Provisions for depreciation are computed over the estimated useful lives of the depreciable assets using the straight-line method or various accelerated depreciation methods. All property, plant and equipment were fully depreciated at December 31, 1998 and 1997.

Reserve for Tokens

The Company recognizes a liability for tokens sold but not redeemed. The Company periodically recognizes income for the estimated value of tokens sold that management believes will not be redeemed for use due to the passage of time. In 1998 the Company recognized $8,000 of such revenues.

Statement of Cash Flows

The Company considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2 - OFF BALANCE SHEET RISK

Carrying amounts of the Company's deposits (checking accounts and certificate of deposit) were $534,191 and $472,139 and the bank balances were $628,322 and $586,159 at December 31, 1998 and December 31, 1997, respectively. Of the bank balances, $159,201 and $158,654 were covered by federal depository insurance and $469,121 and $427,505 were uninsured and uncollateralized at December 31, 1998 and December 31, 1997, respectively.

NOTE 3 - INCOME TAXES

The Company elected by unanimous consent of its stockholders to be taxed under the provisions of subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal and state corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income.

NOTE 4 - EMPLOYEE BENEFIT PLANS

The Company has two employee benefit plans as follows:

A.T.U. Pension Plan

The A.T.U. Pension Plan (a defined contribution money purchase pension plan) provides coverage for all hourly employees who have attained the age of 20½ years and are employed by the Company on January 1 of each year. Employees are 100 percent vested after 5 years. The employer and employee contributions are mandatory based upon the Employee Collective Bargaining Agreement. Employee contributions were 7 percent of gross pay for 1997 and 1998. Employer contributions were 7 percent of gross pay for January 1997 and 9 and 10 percent of gross pay for the periods February 1, 1997 through January 31, 1998 and February 1, 1998 through December 31, 1998, respectively. The Company's contributions totaled $158,900 and $138,580 for 1998 and 1997, respectively.

Employee Benefit Plan for Salaried Employees

The Employee Benefit Plan for Salaried Employees (a defined benefit plan) provides retirement and disability benefits for all employees not covered under the A.T.U. Pension Plan who have attained the age of 21 years and who have been employed by the Company for one year. Benefits accrue evenly over all years of participation at a rate of 2 percent of compensation per year up to a maximum benefit of 40 percent of compensation plus 2 percent of average compensation for each year of service from January 30, 1991, to actual retirement, up to a maximum of 20 years.

The amount of employer contributions, $106,788 and $106,493 in 1998 and 1997, respectively, is computed by plan actuaries using the methods of accruing benefits as described above.

NOTE 4 - EMPLOYEE BENEFIT PLANS (Continued)

Employee Benefit Plan for Salaried Employees (continued)

As of the latest actuarial valuation date of January 30, 1998, the actuarial present value of vested and nonvested accumulated plan benefits totaled $637,105, utilizing a 7 percent assumed rate of return. Net assets available for benefits totaled $609,989. The Company's management believes that the defined benefit plan is underfunded, and the amount may be material (see Note 9).

The Company is required under generally accepted accounting principles to implement Statement of Financial Accounting Standards No. 87, with regard to the defined benefit plan described above, which requires certain disclosures. Under SFAS 87 the annual costs of providing for employees' pensions is to be recognized over the employees' respective service periods, and a liability is to be recognized when the accumulated benefit obligation exceeds the fair value of plan assets. In some instances, a pension plan asset is to be recognized when the fair value of plan assets exceeds the accumulated benefit obligation. Additionally, SFAS 87 requires certain disclosures regarding details on assets and liabilities within the plan. Actuarial methods utilized by the Company's actuary did not conform to methods prescribed by SFAS 87 and, as such, the information necessary for implementation of SFAS 87 was not available. The effects of this departure from generally accepted accounting principles are therefore not reasonably determinable.

NOTE 5 - OPERATING SUBSIDY

On December 15, 1993, the Company signed a contract with the Parish to provide management services and facilities to operate the transit system for the East Bank of Jefferson Parish for the period January 1, 1994 through December 31, 1997. On December 29, 1997, the Company renewed its contract with Jefferson Parish to operate the transit system on essentially the same terms through December 31, 2001. Under these contracts, all revenues derived from operations are the property of the Parish, and reimbursements of most operating expenses are limited to predetermined maximum (budgeted) amounts. Insurance, materials and supplies, and fuel costs are fully reimbursed by the Parish, and certain expenses such as salaries and fringe benefits of management personnel are not reimbursed, as they are considered to be compensated through management fees paid to the Company. In addition, the Company receives an incentive fee of 8 percent of the difference between actual expenses incurred and related budgeted expenses included in the contract in the event that the actual expenses are less than budgeted amounts during the contract periods.

The contracts also contain deductive/additive factors which allow the Parish to appropriately reduce/increase the budget in the event of a reduction/increase in the actual service hours provided by the Company. Accordingly, the Company reduced its operating budget by a deductive factor of $34.94 and $32.93 per hour, respectively, for service hours of less than 81,000 during the years ended December 31, 1998 and 1997. During 1998 the Company operated the buses for 80,233 hours, resulting in a budget reduction of $26,799. During 1997 the Company operated the buses for 80,394 hours, resulting in a budget reduction of $19,955.

The Company received monthly management fees of $27,917 in 1998 and $26,996 in 1997. The Company received monthly rental fees of $5,033 in 1998 and $4,833 in 1997.

Incentive fees earned for the years ended December 31, 1998 and 1997, were $8,631 and $4,343, respectively. These amounts are offset against Accounts Payable - Jefferson Parish at December 31, 1998 and 1997.

Operating subsidies earned during the years ended December 31, 1998 and 1997, totaled $642,671 and $1,082,140, respectively, exclusive of the monthly management and rental fees noted above.

NOTE 6 - COMMITMENTS

The Company has executed an irrevocable standby letter of credit in favor of Jefferson Parish for a maximum amount of $100,000 at December 31, 1998 and 1997, in lieu of obtaining a performance bond for the management contract. The letter of credit is secured by a certificate of deposit in the amount of $100,000 which is being held by the issuing bank.

NOTE 7 - COLLECTIVE BARGAINING AGREEMENT

The Company is operating under a collective bargaining agreement with Amalgamated Transit Union, Division 1535 (Union) from February 1, 1998 through January 31, 2002. Under this agreement, Union workers are entitled to a 3 percent wage increase each year after their first year of service and a 1 percent increase in pension contributions to be made by the Company each year through January 31, 2002. As of December 31, 1998 and 1997, 85 percent of the work force was employed under this agreement.

NOTE 8 - SUBSEQUENT EVENTS

On January 8, 1999, the Company entered into an agreement to sell the property currently occupied by Louisiana Transit Company, Inc., for $265,000 on or before June 1, 1999. Environmental remediation costs, if any, will be paid from the sales price of $265,000. The Company's main operating facility will be moved to a location owned by Jefferson Parish. Once the Company moves into the new facility, it will no longer receive rental income from Jefferson Parish. Rental income for 1998 was $60,400.

NOTE 9 - CONTINGENCY - EMPLOYEE BENEFIT PLAN FOR SALARIED EMPLOYEES

The Company's assets have been pledged as collateral for a letter of credit through June 1, 2000, in the amount of $596,566 executed in favor of the Company's Employee Benefit Plan for Salaried Employees (see Note 4). This arrangement was entered into on February 24, 1999, as a result of a lump-sum retirement distribution to be paid to the retiring president of the Company, and is designated to guarantee repayment of a portion of the lump sum to the plan and protect plan participants in the event of pension plan termination. Management plans to increase future annual contributions to the Employee Benefit Plan for Salaried Employees to the extent allowable and hopes that over time the letter of credit and related pledge of Company assets can be terminated.

The Company has not recorded a liability in the 1998 financial statements with regard to this matter as the liability, if any, is undeterminable (see Note 4).

SUPPLEMENTAL INFORMATION

LOUISIANA TRANSIT COMPANY, INC.

SCHEDULES OF REVENUES AND EXPENSES

For the Years Ended December 31, 1998 and 1997

	1998	1997
OPERATING REVENUES		
Sales	$ 2,790,801	$ 2,565,633
Advertising	52,189	58,804
Other	2,071	2,789
	$ 2,845,061	$ 2,627,226
DIRECT COSTS		
Fuel	$ 203,004	$ 266,328
Tires	207	2,091
Salaries and wages	1,136,328	1,077,143
Employee benefits	199,035	198,701
Lubrication	11,957	14,894
Insurance	379,063	466,485
Repairs and maintenance	60,203	134,076
	$ 1,989,797	$ 2,159,718
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries - officers	$ 182,577	$ 189,060
Salaries - other	674,918	685,578
Advertising	226	219
Automobile and truck expenses	2,465	3,145
Conventions	3,179	4,391
Contributions	2,775	1,600
Dues and subscriptions	10,026	10,046
Employee pension costs	272,184	252,053
Insurance - group health and life	320,714	365,477
Insurance - other	14,040	10,388
Legal and professional	30,607	33,274
Maintenance and repairs	14,386	25,071
Miscellaneous	20,047	9,511
Office	12,643	12,073
Printing	11,432	11,635
Safety material	2,380	4,106
Taxes - payroll	167,658	164,347
Taxes - other	12,933	11,183
Travel and entertainment	178	803
Utilities and telephone	15,949	17,537
VIP passes	2,197	2,179
	$ 1,773,514	$ 1,813,676

LOUISIANA TRANSIT COMPANY, INC.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Year Ended December 31, 1998

LOUISIANA TRANSIT COMPANY, INC.

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Kushner LaGraize, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER, CPA*
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors & Stockholders
Louisiana Transit Company, Inc.
Harahan, Louisiana

We have audited the basic financial statements of Louisiana Transit Company, Inc. (the Company), as of and for the year ended December 31, 1998, and have issued our report thereon dated February 24, 1999. Our opinion was qualified as explained in paragraphs 3 and 4 of our report. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting in order to determine our auditing procedures for the purpose

SUITE 254 2800 VETERANS MEMORIAL BOULEVARD METAIRIE, LOUISIANA 70002-5632 (504) 838-9991 FAX (504) 833-7971
Internet e-mail: info@kl-cpa.com • World Wide Web: http://www.kl-cpa.com

of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Jefferson Parish Council, and the U.S. Department of Transportation. However, this report is a matter of public record and its distribution is not limited.

Kushner LaGraize, L.L.P.

Metairie, Louisiana
February 24, 1999

Kushner LaGraize, L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors & Stockholders
Louisiana Transit Company, Inc.
Harahan, Louisiana

Compliance

We have audited the compliance of Louisiana Transit Company, Inc. (the Company), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1998. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe

SUITE 254 2800 VETERANS MEMORIAL BOULEVARD METAIRIE, LOUISIANA 70002-5632 (504) 838-9991 FAX (504) 833-7971
Internet e-mail: info@kl-cpa.com • World Wide Web: http://www.kl-cpa.com

that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Company's compliance with those requirements.

In our opinion, the Company complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998.

Internal Control Over Compliance

The management of the Company is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Company's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Company as of and for the year ended December 31, 1998, and have issued our report thereon dated February 24, 1999. Our opinion was qualified as explained in paragraphs 3 and 4 of our report. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of management, Jefferson Parish Council, and the U.S. Department of Transportation. However, this report is a matter of public record and its distribution is not limited.

Kushner LaGraize, L.L.P.

Metairie, Louisiana
February 24, 1999

LOUISIANA TRANSIT COMPANY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 1998

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Grant Period From	Grant Period Through	Grant Amount
Passed through Jefferson Parish Council, Jefferson Parish, Louisiana, Federal Transit Administration Capital Improvements Grant-Preventive Maintenance	20.500	LA-90-X199	01/01/98	12/31/98	$1,190,000

Due From (To) Jefferson Parish December 31, 1997	Due From (To) Jefferson Cash Received During Year Grant	Other	Parish December 31, 1998	Total Revenue Recognized	Expenditures Federal	Other	Total Expenditures
$ (51,216)	$ 550,133	$137,533	$ (96,211)	$ 642,671	$ 514,137	$ 128,534	$ 642,671

LOUISIANA TRANSIT COMPANY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 1998

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the financial statements of Louisiana Transit Company, Inc.

2. No reportable conditions relating to the audit of the financial statements are reported in the ***Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards***.

3. No instances of noncompliance material to the financial statements of Louisiana Transit Company, Inc. were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal award program are reported in the ***Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.***

5. The auditors' report on compliance for ***Federal Transit Administration-Capital Improvements Grant-Preventive Maintenance*** *expresses an unqualified opinion.*

6. There were no audit findings relative to the major federal award program for Louisiana Transit Company, Inc.

7. The program tested as a major program included the ***Federal Transit Administration-Capital Improvements Grant-Preventive Maintenance—CFDA #20.500.***

8. The threshold for distinguishing types A and B programs was $300,000.

9. Louisiana Transit Company, Inc., was determined to be a low-risk auditee.

FINDINGS — FINANCIAL STATEMENTS AUDIT

None.

FINDINGS AND QUESTIONED COSTS — MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

LOUISIANA TRANSIT COMPANY, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 1998

There are no prior findings on which to report the status.